

BEFORE THE COMMISSIONER OF THE TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

IN THE MATTER OF:

TENNESSEE SECURITIES DIVISION,
Petitioner

v.
CARLIN EQUITIES CORPORATION
FRED E. ZIMMERMAN
DARRELL F. FLOWERS,
Respondents

DOCKET # 12.06-004482J

RECEIVED

FEB 09 2001

TENNESSEE SECURITIES DIVISION
ASSISTANT COMMISSIONER'S OFFICE

NOTICE OF AN INITIAL ORDER BECOMING A FINAL ORDER

All parties are hereby notified that on November 27, 2000, the Initial Order entered in this matter became a Final Order pursuant to T.C.A. §4-5-318(f)(3), no party having filed a Petition for Appeal to the Agency pursuant to T.C.A. §4-5-315, within the fifteen (15) days permitted for such petitions, and the Agency having failed to issue a Notice of Intention to Review within the fifteen (15) days permitted under T.C.A. §4-5-315(b).

THE FINAL ORDER MAY BE REVIEWED IN THE FOLLOWING MANNER:

Within fifteen (15) days after the effective date of the Final Order, as listed above, any party may petition the Administrative Judge for reconsideration of the Final Order. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317.

Any party may petition the Commissioner of the Department of Commerce and Insurance for a stay of the Final Order within seven (7) days after the effective date of the Order. See T.C.A. §4-5-316.

Any person aggrieved by this final decision may seek judicial review in a Chancery Court having jurisdiction within sixty (60) days after the date of the Final Order as listed above or, if a Petition for Reconsideration of the Final Order is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a Petition for Reconsideration does not itself act to extend the sixty-day period, if the Petition is not granted.) A reviewing court may also order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.

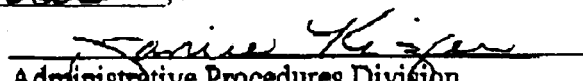

Charles C. Sullivan II, Director
Administrative Procedures Division

If any party has knowledge of an Appeal of the Initial Order or a Notice of Intention to Review the Initial Order having been filed within the required fifteen (15) days, contrary to the above information, please notify this office, telephone (615) 741-7008 or 741-2078, and this Notice may be set aside.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of this document has been served upon counsel and all interested parties by delivering same to them at their address of record by placing a true and correct copy of same in the United States mail, postage prepaid.

This 28th day of November, 2000.


Administrative Procedures Division
Office of the Secretary of State

**BEFORE THE COMMISSIONER OF THE
TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE**

IN THE MATTER OF:

TENNESSEE SECURITIES DIVISION

Petitioner

v.

CARLIN EQUITIES CORPORATION

FRED E. ZIMMERMAN

DARRELL F. FLOWERS

Respondent

DOCKET NO. 12.06-004482J

ORDER

THIS ORDER IS AN INITIAL ORDER RENDERED BY AN ADMINISTRATIVE JUDGE WITH THE ADMINISTRATIVE PROCEDURES DIVISION.

THE INITIAL ORDER IS NOT A FINAL ORDER BUT SHALL BECOME A FINAL ORDER UNLESS:

1. PARTY FILES A WRITTEN APPEAL OR PETITION FOR RECONSIDERATION WITH THE ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN November 27, 2000.

OR

2. THE AGENCY FILES A WRITTEN NOTICE OF REVIEW WITH ADMINISTRATIVE PROCEDURES DIVISION NO LATER THAN November 27, 2000.

YOU MUST FILE THE APPEAL, PETITION FOR RECONSIDERATION OR NOTICE OF REVIEW WITH THE ADMINISTRATIVE PROCEDURES DIVISION. THE ADDRESS OF THE ADMINISTRATIVE PROCEDURES DIVISION IS:

SECRETARY OF STATE
ADMINISTRATIVE PROCEDURES DIVISION
312 EIGHTH AVENUE NORTH
8TH FLOOR, WILLIAM R. SNODGRASS TOWER
NASHVILLE, TN 37243

IF YOU HAVE ANY FURTHER QUESTIONS, PLEASE CALL THE ADMINISTRATIVE PROCEDURES DIVISION, 615/741-7008 OR 741-2078 OR FAX 741-4472. PLEASE CONSULT APPENDIX A AFFIXED TO THE INITIAL ORDER FOR NOTICE OF APPEAL PROCEDURES.

The subject of this hearing was the Petition and Order to Cease and Desist and Summary Suspension filed by the Securities Division ("Division") against the Respondents for alleged violations of the Tennessee Securities Act ("Act") Subsequent to the Petition and Order being filed by the Division, Respondents Carlin Equities Corporation ("Carlin") and Fred E. Zimmerman ("Zimmerman") entered into Agreed Orders which disposed of the charges pending against them. The Division's request for a Cease and Desist Order against the Respondent Flowers remained as the sole subject of this proceeding. After consideration of the record in this matter, it is determined that the Respondent violated provisions of the Act, and he is hereby ORDERED to CEASE and DESIST from making transactions as an agent as long as he remains unregistered with the Division This decision is based upon the following findings of fact and conclusions of law.

FINDINGS OF FACT

1 To conduct securities transactions in Tennessee, an individual must be employed by a registered broker-dealer and be personally registered with the Division as an agent. Respondent Flowers was registered with the Division as a securities agent from 1991 until June 1998. He was terminated by his broker-dealer employer, A. J. Michaels & Co., on April 28, 1998. The reason for his discharge was an allegation that he made purchases in a customer's account without their permission. After this allegation, the Respondent became the subject of a National Association of Securities Dealers investigation.

2. In June 1998, the Respondent went to work for Carlin at its Brentwood, Tennessee office. He was hired to do various administrative duties as well as to assist Zimmerman, the supervising agent at the Carlin office. The Respondent was never a registered agent with Carlin.

3. On August 25, 1998, Michael and Elaina Brintnall met with the Respondent at the Carlin office to discuss the opening of a new account. Ms. Brintnall had been referred to the Respondent by her father, a former customer of the Respondent. The Brintnalls executed a power of attorney form which authorized the Respondent to act as "agent and attorney in fact." The Respondent told Ms. Brintnall that he was not licensed as an agent and they were limitations as to what he could do in her account. Ms Brintnall stated that the Respondent got the necessary papers together to open the account, but Zimmerman actually did the required paperwork. The Respondent never made any transactions in the Brintnall account

4. On June 16, 1998, Robert Johnson, a former customer of the Respondent's, opened an account with Carlin. He signed a power of attorney form authorizing the Respondent to act on his behalf. The Respondent admitted to making at least two transactions in Johnson's account

5. The Respondent is not currently registered with the Division as an agent which would allow him to make securities transactions in Tennessee.


CONCLUSIONS OF LAW

T.C.A. §48-2-109(a) provides: "[I]t is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part."

2. On at least two occasions, the Respondent made transactions as an agent in the account of Robert Johnson while employed by Carlin. The Respondent was not registered as an agent at the time of those transactions, and therefore acted in violation of T.C.A. §48-2-109(a).

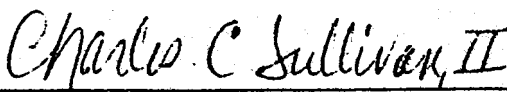
3. Based upon the foregoing, it is hereby ORDERED that the Respondent shall CEASE AND DESIST from making any further transactions as a securities agent until such time as he is properly registered with the Securities Division.

This Initial Order entered and effective this 8th day of November, 2000.



Thomas G. Stovall
Administrative Judge

Filed in the Administrative Procedures Division, Office of the Secretary of State,
this 8th day of November, 2000.




Charles C. Sullivan, II, Director *ack*
Administrative Procedures Division

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of this document has been served upon counsel and all interested parties by delivering same to them at their address of record by placing a true and correct copy of same in the United States mail, postage prepaid.

This 8th day of November, 2000.



Administrative Procedures Division
Office of the Secretary of State

APPENDIX A TO INITIAL ORDER

NOTICE OF APPEAL PROCEDURES

Review of Initial Order

This Initial Order shall become a Final Order (reviewable as set forth below) fifteen (15) days after the entry date of this Initial Order, unless either or both of the following actions are taken:

(1) Either party files a petition for appeal to the agency or the agency on its own motion gives written notice of its intention to review the Initial Order, within fifteen (15) days after the entry date of the Initial Order or as otherwise provided below. If either of these actions occur, there is no Final Order until review by the agency and entry of a new Final Order or adoption and entry of the Initial Order, in whole or in part, as the Final Order. A petition for appeal to the agency must be filed within the proper time period with the Administrative Procedures Division of the Office of the Secretary of State, 8th Floor William R. Snodgrass Tower, 312 Eighth Avenue North Nashville, Tennessee, 37243. (Telephone No. (615) 741-7008). See Tennessee Code Annotated, Section (T.C.A. §) 4-5-315, on review of initial orders by the agency.

(2) A party files a petition for reconsideration of this Initial Order, within fifteen (15) days after the entry date of the Initial Order. This petition must be filed with the Administrative Procedures Division at the above address. A petition for reconsideration is deemed denied if no action is taken within twenty (20) days of filing. A new fifteen (15) day period for the filing of an appeal to the agency (as set forth in paragraph (1) above) starts to run from the entry date of an order disposing of a petition for reconsideration, or from the twentieth day after filing of the petition, if no order is issued. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Initial Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

Review of Final Order

Within ten (10) days after the Initial Order becomes a Final Order, or within ten (10) days after the entry date of a Final Order by the agency, a party may petition the agency for reconsideration of the Final Order. If no action is taken within twenty (20) days of filing of the petition, it is deemed denied. See T.C.A. §4-5-317 on petitions for reconsideration.

A party may petition the agency for a stay of the Final Order within seven (7) days after the entry date of the order. See T.C.A. §4-5-316.

A person who is aggrieved by a final decision in a contested case may seek judicial review of the Final Order by filing a petition for review in a Chancery Court having jurisdiction (generally, Davidson County Chancery Court) within sixty (60) days after the entry date of a Final Order or, if a petition for reconsideration is granted, within sixty (60) days of the entry date of the Final Order disposing of the petition. (However, the filing of a petition for reconsideration does not itself act to extend the sixty day period, if the petition is not granted.) A reviewing court also may order a stay of the Final Order upon appropriate terms. See T.C.A. §4-5-322 and §4-5-317.